



FM to start Budget Speech at 11AM on 28th February

AIT News Network

NEW DELHI. Finance Minister Pranab Mukherjee will present challenging Union Budget 2011-2012 on 28th February 2011. Budget Speech will start at 11 AM and if everything goes smoothly in Parliament it should be over by 12.30. Thereafter Finance Bill 2011 will be tabled on the floor of Parliament.

The Budget will unfold several changes in existing customs & excise rates and notifications besides amendments in service tax laws and hard measures for tackling of tax-evasion, black money and corruption by Politician-Bureaucrat nexus. The provisions of arrest and prosecution for evasion of service tax and income tax of above Rs 25 Lakh is also under consideration of Budget Makers.

The manufacturers are allowed to make clearances on Budget Day at existing rates and the changes in customs & central excise duties will be effective from midnight of 28th February 2011.

The net of service tax is expected to be widened by bringing many more services under tax net which may also include services provided by Consultants including Tax Consultants and Consulting Companies.

The options before FM are very limited with hardening of crude prices and inflation. Tax relief is expected for individual tax payers but common man may have to bear the brunt if prices of consumer products are affected due to upward changes in duty structure. The slab of 4 per cent and 8 per cent excise duties can be rationalised and may lead to 2 per cent hike on commodities subject to these rates. Pruning of exemptions is expected to garner reasonable Revenue for which FM is hard pressed.

The levy of 4 per cent SAD on import can be done away with as at present it is first charged and, thereafter refunded after filing of refund claim on ground that no credit has been passed on. Allowing 100 per cent credit on capital goods immediately on receipt of capital goods (in place of 50 per cent in the year of receipt and 50 per cent in subsequent year) can be allowed.

AIT Team of Tax Experts will continue to update the subscribers and netizens as soon as the Budget documents are unfolded.